

# ATTESTATION ENGAGEMENT

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**Borough of Carlisle**  
**Cumberland County, Pennsylvania**  
**21-402**  
**Liquid Fuels Tax Fund**  
**For the Period**  
**January 1, 2022 to December 31, 2023**

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**July 2025**



Commonwealth of Pennsylvania  
Department of the Auditor General  
Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania  
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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable Michael Carroll  
Secretary  
Department of Transportation  
Harrisburg, PA 17120

We have examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Borough of Carlisle, Cumberland County, for the period January 1, 2022 to December 31, 2023. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Forms MS-965 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms MS-965. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Forms MS-965, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with ethical requirements relating to the engagement.

In our opinion, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Borough of Carlisle, Cumberland County, for the period January 1, 2022 to December 31, 2023, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

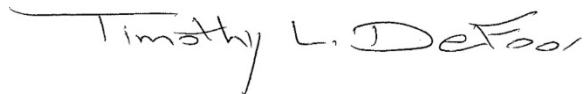
### Independent Auditor's Report (Continued)

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Forms MS-965; and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Liquid Fuels Money Deposited Into The General Fund.

The purpose of this report is to provide information related to the municipality's Liquid Fuels Tax Fund to assist the Pennsylvania Department of Transportation in fulfilling its regulatory authority as described in the laws and regulations identified in the Background section of this report and the Pennsylvania Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by the Borough of Carlisle, Cumberland County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.



Timothy L. DeFoor  
Auditor General  
July 10, 2025

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BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background

The Liquid Fuels Tax Municipal Allocation Law, Act 655 of 1956, as amended, see also 72 P.S. § 2615.5, et sec., provides municipalities other than counties (i.e., townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based upon: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage in the state; and (2) 50 percent on the proportion of a municipality's population to the total population in the state.

Title 75 Pa.C.S. § 9511 of the Pennsylvania Vehicle Code provides municipalities with annual maintenance payments to be received from the Motor License Fund for functionally local highways that were transferred to a municipality from the Commonwealth of Pennsylvania.

Each municipality must deposit the allocation of Liquid Fuels Tax funds and annual maintenance payments that it receives into a special fund called either the Municipal Liquid Fuels Tax Fund or State Fund. A municipality may not deposit any other monies into this fund except when the municipality does not have enough money in the special fund to meet the payments called for by its current annual budget for road and bridge purposes. In such a case, the municipality may borrow money or transfer money from its General Fund to its Liquid Fuels Tax Fund.

The Department of Transportation has been given the regulatory authority for the administration of these funds. Department of Transportation's *Publication 9* includes the policies and procedures for the administration of Act 655, as amended, and the Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

To qualify for the annual allocation of Liquid Fuels Tax funds, *Publication 9* indicates that each municipality shall:

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
2. Make deposits and payments or expenditures in compliance with Act 655 of 1956, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. *Publication 9*, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts into the Liquid Fuels Tax Fund.

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition By March 15<sup>th</sup>.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

*Criteria*

The criteria for the Form MS-965 With Adjustment are described below.

Section 1 of Form MS-965 With Adjustments provides a summary of Liquid Fuels Tax Fund expenditures by category. Categories requiring explanation include:

- Major equipment purchases are purchases of road machinery and road equipment with varying yearly costs in excess of the amounts indicated below:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>

- Minor equipment purchases are purchases of road machinery and road equipment with varying yearly costs that are less than or equal to the amounts indicated below:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>

- Agility projects are exchanges of services with the Department of Transportation.

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

Section 2 of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is available from the Department of Transportation in March of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- Municipalities that transferred roads from the Commonwealth of Pennsylvania to the municipality through the Highway Transfer Program receive annual turnback allocations in March of each year from the Department of Transportation. Turnback allocations are based on the mileage of the roads transferred.
- Expenditures include the total transferred from Section 1.

Section 3 of Form MS-965 With Adjustments determines if the municipality expended Liquid Fuels Tax Fund money in excess of the permissible amount for equipment and the balance that the municipality may carry forward for the purchase of equipment to the subsequent year.

Department of Transportation *Publication 9* requires that the amount expended for equipment purchases in a given year not exceed the sum of the equipment balance carried forward from the previous year and 20 percent of the current year's Liquid Fuels Tax Fund allocation and, if applicable, 20 percent of the turnback allocation plus other Department of Transportation approved adjustments.

If the municipality spent in excess of the amount listed on Line 4, the excess must be reimbursed to the Liquid Fuels Tax Fund.

The equipment balance to be carried forward for the subsequent year is the lesser of the amount on Line 6 or the ending fund balance on Line 6 of Section 2, but not less than zero.

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

*Basis of Presentation*

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Form MS-965 has been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Form MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

*Basis Of Accounting*

The accompanying Forms MS-965 With Adjustments is prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation. Under this method, revenues are recognized when received and expenditures are recorded when paid.

*General Fixed Assets*

General fixed assets are recognized as expenditures at the time of purchase. No depreciation has been provided on the heavy equipment used to maintain and repair roads and bridges.



BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
2022 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	264,299.95	-	264,299.95
Highway construction and rebuilding projects	425,940.70	-	425,940.70
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 690,240.65</u>	<u>\$ -</u>	<u>\$ 690,240.65</u>

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
2022 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2022	\$ 1,194,184.79	\$ -	\$ 1,194,184.79
Receipts:			
2. State allocation	533,400.95	-	533,400.95
2a. Turnback allocation	-	-	-
2b. Interest on investments	22,852.25	-	22,852.25
2c. Miscellaneous	-	-	-
3. Total receipts	<u>556,253.20</u>	<u>-</u>	<u>556,253.20</u>
4. Total funds available	<u>1,750,437.99</u>	<u>-</u>	<u>1,750,437.99</u>
5. Expenditures (Section 1)	<u>690,240.65</u>	<u>-</u>	<u>690,240.65</u>
6. Balance, December 31, 2022	<u><u>\$ 1,060,197.34</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,060,197.34</u></u>

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
2022 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 1,194,184.79	\$ -	\$ 1,194,184.79
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	106,680.19	-	106,680.19
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	1,300,864.98	-	1,300,864.98
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>1,300,864.98</u>	<u>-</u>	<u>1,300,864.98</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 1,060,197.34</u>	<u>\$ -</u>	<u>\$ 1,060,197.34</u>

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
2023 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	237,013.41	-	237,013.41
Highway construction and rebuilding projects	407,755.02	-	407,755.02
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 644,768.43</u>	<u>\$ -</u>	<u>\$ 644,768.43</u>

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
2023 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2023	\$ 1,060,197.34	\$ -	\$ 1,060,197.34
Receipts:			
2. State allocation	549,966.99	-	549,966.99
2a. Turnback allocation	-	-	-
2b. Interest on investments	72,999.17	-	72,999.17
2c. Miscellaneous	6,143.80	-	6,143.80
3. Total receipts	629,109.96	-	629,109.96
4. Total funds available	1,689,307.30	-	1,689,307.30
5. Expenditures (Section 1)	644,768.43	-	644,768.43
6. Balance, December 31, 2023	<u>\$ 1,044,538.87</u>	<u>\$ -</u>	<u>\$ 1,044,538.87</u>

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
2023 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 1,060,197.34	\$ -	\$ 1,060,197.34
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	109,993.40	-	109,993.40
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	1,170,190.74	-	1,170,190.74
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>1,170,190.74</u>	<u>-</u>	<u>1,170,190.74</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 1,044,538.87</u>	<u>\$ -</u>	<u>\$ 1,044,538.87</u>

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
FINDING AND RECOMMENDATION  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

**Finding - Liquid Fuels Money Deposited Into The General Fund**

Our examination disclosed that the municipality deposited \$6,143.80 of Liquid Fuels Tax Fund money into the General Fund on November 28, 2022, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law.

The practice of depositing liquid fuels money into any account other than the Liquid Fuels Tax Fund account is contrary to the Act of June 1, 1956, P.L. (1955) 1944, 72 P.S. § 2615.5, known as the Liquid Fuels Tax Municipal Allocation Law, which states:

. . . each city, borough, town and township, shall . . . Establish and maintain a special fund into which the moneys [liquid fuels tax funds] . . . shall be deposited and into which no other moneys may be deposited or commingled . . .

The director of finance stated that a reimbursement from a local business for milling and paving work included in the municipality's 2022 paving project was inadvertently transferred to the General Fund rather than the Liquid Fuels Tax Fund.

The risk that Liquid Fuels Tax Fund money may be used for unauthorized purposes increases when liquid fuels money is commingled with other funds.

On December 14, 2023, the municipality reimbursed \$6,143.80 to the Liquid Fuels Tax Fund.

**Recommendation**

We recommend that the municipality deposit all liquid fuels tax money promptly into the Liquid Fuels Tax Fund.

**Management's Response**

The director of finance stated:

Recognize issue and will address proper deposit going forward.

**Auditor's Conclusion**

During our next examination, we will determine if the municipality complied with our recommendation.

BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

An exit conference was held July 10, 2025. Those participating were:

BOROUGH OF CARLISLE

Mr. Jason Cohen, Director of Finance

DEPARTMENT OF THE AUDITOR GENERAL

Charles R. Young, CPA, CFE, Audit Manager



BOROUGH OF CARLISLE  
CUMBERLAND COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

This report was initially distributed to:

**The Honorable Michael Carroll**  
Secretary  
Department of Transportation

**Borough of Carlisle**  
Cumberland County  
53 West South Street  
Carlisle, PA 17013

**The Honorable Sean Shultz**  
Mayor

**Mr. Jason Cohen**  
Director of Finance

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).